

1 but a credit/debit card on top of the [REDACTED]
2 network that allowed you to spend and draw down on
3 different balances on the XRP ledger including XRP
4 bitcoin, gold, U.S. dollars, and other digital
5 assets.

6 Q. Did the RippleCard work without XRP?

7 A. No, it could not. To my knowledge, it
8 could not work without the use of XRP.

9 Q. Okay. And did -- the products you just
10 named, did they need XRP for anything other than
11 interacting with the XRP ledger?

12 MS. ZORNBERG: Object to form.

13 You can answer.

14 A. Can you repeat the question, please?
15 Sorry, can you rephrase the question?

16 Q. So the -- the uses you described for the
17 products like Gateway D, RPP, RippleCard, you had
18 mentioned they all involved the XRP ledger.

19 Did these products need XRP for any use
20 other than for interacting with the XRP ledger?

21 A. So the -- the RippleCard -- some of the
22 products depend. So the RippleCard, you needed it
23 not only to interact with the ledger, you also
24 needed it if you were going to spend your XRP
25 balance.

1 You also needed it -- you know, backing
2 up, one of the things that the product did is it
3 provided liquidity for you to spend bitcoin and
4 XRP in U.S. dollars. And the way that functioned
5 was that it searched the order books on the
6 decentralized ledger. So decentralized exchange
7 and the decentralized ledger. And often those
8 were bridged through XRP. It's using a technology
9 called pathfinding that's built into the XRP
10 ledger.

11 So it's very much possible that when you
12 swiped and spent bitcoin, the liquidity was
13 bridged through XRP on the decentralized ledger
14 using a technology called pathfinding.

15 Q. Was xRapid the first Ripple product that
16 used XRP that was widely used by customers?

17 MR. HECKER: Objection to form.

18 MS. ZORNBERG: Objection.

19 A. Well, it really depends on the
20 definition of "widely." xRapid is a product
21 that's used by a number of our enterprise
22 customers that are part of RippleNet.

23 Q. Was xRapid the first product Ripple sold
24 for commercial use using XRP that was commercially
25 viable?

1 MS. ZORNBERG: Object to form.

2 You can answer if you understand
3 the question.

4 A. Do you mind explaining what you mean by
5 "commercially viable"?

6 Q. That made business sense for Ripple to
7 sell that product.

8 MR. HECKER: Objection to form.

9 A. For different reasons other products
10 eventually morphed and reiterated and -- and
11 turned into the basis for RippleNet called
12 xCurrent. So Gateway D, Ripple Connect, those
13 products in different versions ended up becoming
14 the inner -- underpinnings of RippleNet.

15 The RippleCard, while we wanted to bring
16 that to commercial -- while we wanted to bring
17 that to production and be commercially viable, we
18 thought there was a good, you know, business model
19 around it, the [REDACTED] network back in
20 2013/2014 was not comfortable with interacting
21 with digital assets or cryptocurrencies. So while
22 we found it to be commercially viable, the -- the
23 card network wasn't comfortable with
24 cryptocurrency transactions at that time.

25 Q. So Ripple currently doesn't offer the

1 RippleCard?

2 A. Ripple currently does not offer the
3 RippleCard.

4 Q. Could you remind me what RPP is?

5 A. I don't know for certain, but I believe
6 the name stood -- the name stood for Ripple
7 Payments Protocol.

8 Q. And does Ripple currently offer that
9 product?

10 A. That product is the code and -- and a
11 number of the ideas are now the basis for the
12 service known as xRapid or ODL.

13 Q. And what about Gateway D?

14 A. Gateway D was then morphed into -- and a
15 lot of the code was leveraged into something
16 called Ripple Connect, and then Ripple Connect
17 became Ripple Solution and that code was then
18 changed to xCurrent and then to RippleNet. And
19 it's the underpinning for RippleNet.

20 Q. Okay. Can xCurrent function without
21 using XRP?

22 A. The early version of xCurrent to my
23 knowledge needed XRP to function and then
24 subsequent versions did not need XRP to function.

25 Q. Does RippleNet need XRP to function?

1 A. RippleNet in its base layer is a, you
2 know, a peer-to-peer communication tool that is,
3 you know, a decentralized payment network and, I'm
4 going to use, base model. So all of our customers
5 implement RippleNet, that base model, the
6 peer-to-peer messaging and the settlement tool.
7 And in that base model, in the current, you know,
8 form today, you do not need XRP to function.

9 Q. Can xRapid or ODL function with digital
10 assets other than XRP as the bridge currency?

11 A. Over the history we've tried to use
12 other digital assets, bitcoin and ether for
13 settlement, for differing -- differing reasons
14 into, you know, differing corridors. But we
15 ultimately decided that XRP would be best suited
16 for our use cases for enterprise clients.

17 Q. And when did Ripple make the decision to
18 exclusively use XRP in xRapid and ODL?

19 MS. ZORNBERG: Object to form;
20 lack of foundation.

21 But you can answer.

22 A. To my knowledge, there wasn't a decision
23 to exclusively use XRP. We -- we visited the
24 decision to use other digital assets as well. I
25 believe sometime around 2016 and then again I

1 believe in 2018, we looked at leveraging other
2 digital assets.

3 Q. Since xRapid launched in 2018, did it
4 ever use a digital asset other than XRP as its
5 bridge currency?

6 A. I believe we did a pilot into a few
7 corridors that leveraged other digital assets and
8 not XRP, but I don't know for certain.

9 Q. Was that pilot ever sold to customers?

10 MS. ZORNBERG: Object to form.

11 You can answer.

12 A. That -- that pilot did not go into what
13 we know -- what we call production, which is like
14 the final form and release to customers.

15 Q. When was the last time that xRapid or
16 ODL operated using a digital asset other than XRP
17 as the bridge currency?

18 MS. ZORNBERG: Object to form;
19 mischaracterizes prior testimony.

20 A. I don't remember.

21 Q. Are Ripple's software sales revenues
22 sufficient to support its operating expenses and
23 product development costs?

24 A. I don't believe so.

25 Q. Have they ever been?

1 A. I don't know for certain.

2 MR. HANAUER: Is everyone doing
3 okay?

4 Q. When did you first obtain XRP?

5 A. I don't know for certain.

6 Q. Early on in your tenure at Ripple?

7 A. I believe so, yes.

8 Q. And when you first obtained XRP, did you
9 purchase it on your own or did you receive it from
10 Ripple?

11 A. Do you mind repeating the question,
12 please?

13 (Whereupon, the record was read back.)

14 A. I don't know for certain, but my
15 recollection was that I was writing an application
16 that leveraged the XRP ledger. And to commit the
17 code, I needed some XRP in my wallet that was
18 above the reserve amount. The reserve amount is
19 like the minimal amount of XRP you need in your
20 wallet.

21 And another engineer in the office sent
22 me the XRP into my wallet so I could commit the
23 code and run my application that leveraged the XRP
24 ledger functionality.

25 Q. When was the first time you received XRP

1 or -- when was the first time you obtained XRP for
2 a purpose unrelated to trying to make Ripple
3 products work?

4 A. There was another time. This might be,
5 you know, still related to product, but when we
6 created the RippleCard, I wanted some XRP to test
7 out the RippleCard at the cafe next door. And
8 someone sent me some XRP to use that wasn't the
9 Ripple -- it wasn't Ripple, I believe. I believe
10 it was another employee.

11 And then in 2013 or -- end of 2013,
12 maybe beginning of 2014, I may have received some
13 of -- we had the option to receive part of your --
14 part or full amount of your expense reports in --
15 in XRP. And I believe I took -- I -- I took
16 advantage of the program sometime around 2013 or
17 2014.

18 Q. Have you ever since then elected to
19 receive XRP from Ripple instead of being either
20 compensated or reimbursed in U.S. dollars?

21 MR. HECKER: Beyond what he just
22 testified to?

23 MR. HANAUER: Yeah. Since then.

24 A. I don't -- I don't recall the exact
25 dates when I -- the way that the expense report

1 policy worked is that when you filed -- filed your
2 expense report, you could put your XRP ledger
3 address. And I wasn't consistent about that and
4 so I don't remember when the last time I put in
5 the XRP ledger address for expense report
6 reimbursement.

7 Q. Beyond reimbursement, have you ever
8 elected to be -- receive compensation from Ripple
9 in XRP as opposed to U.S. dollars?

10 MR. HECKER: Objection to the
11 form of the question.

12 You can answer.

13 A. In -- instead of U.S. dollars? I don't
14 believe so. No.

15 Q. Have you ever bought or obtained XRP for
16 investment purposes?

17 MR. HECKER: Objection to form.

18 A. I don't believe so, no.

19 Q. Have you ever bought or obtained XRP
20 with the expectation that the price of XRP would
21 rise?

22 A. I don't believe so, no.

23 Q. Do you currently own XRP?

24 A. I -- I do own XRP, yes.

25 Q. How much?

1 A. I don't know for certain, but about [REDACTED]
2 to [REDACTED] XRP units.

3 Q. And I think the last time you testified
4 before the SEC, you discussed being entitled to
5 bonuses from Ripple of [REDACTED] XRP every
6 January 1st between 2020 and 2023?

7 A. Yes, I believe so.

8 Q. And did you receive those [REDACTED]
9 XRP bonuses for 2020 and 2021?

10 A. I don't remember when I received the
11 bonuses, but I believe I received the bonuses,
12 yes.

13 Q. And the higher the price of XRP relative
14 to U.S. dollars, the more valuable those bonuses
15 were for you?

16 A. Yes, that is correct.

17 Q. And the higher the price of XRP relative
18 to U.S. dollars, the more valuable your current
19 XRP holdings are for you?

20 A. Yes, I believe that to be true.

21 MR. HECKER: Would now be a good
22 time for a five-minute break?

23 MR. HANAUER: Yeah, of course.

24 THE VIDEOGRAPHER: The time on
25 the video monitor is now 10:33 a.m. This

1 is the end of Media Unit Number 1.

2 (Whereupon, a recess is taken.)

3 THE VIDEOGRAPHER: The time on
4 the video monitor is now 10:48 a.m. This
5 is the start of Media Unit Number 2.

6 We're back on the video record.

7 BY MR. HANAUER:

8 Q. Mr. Birla, is Ripple a software company?

9 A. Yes, I believe so.

10 Q. Has Ripple been a software company since
11 you started working there?

12 A. Yes, I believe so.

13 Q. Have you ever considered Ripple to be
14 anything other than a software company?

15 A. I don't know if I -- I think about it
16 all that much, but I assume it's a software
17 company.

18 Q. Is it anything other than a -- is Ripple
19 anything other than a software company?

20 MR. HECKER: Objection to form.

21 A. To my knowledge, we're a technology
22 company/software company.

23 MR. TENREIRO: Nicole, Number 5.

24 (Whereupon, exhibit is presented

25 and marked SEC Birla Exhibit AB-5 for

1 identification.)

2 MR. HANAUER: I just tendered the
3 witness Exhibit AB-5 with a Bates --
4 starting with a Bates number ending in
5 2577.

6 BY MR. HANAUER:

7 Q. And, Mr. Birla, is Exhibit AB-5 a Slack
8 conversation that you are part of dated April
9 24th, 2015?

10 A. Yes. Well, I don't know if it's a Slack
11 or not, but --

12 Q. Do you -- do you see up in the "Subject"
13 line "Slack Retention"?

14 A. Oh. Yes, I see that.

15 Q. And does that -- I'll -- I'll repeat my
16 question.

17 Is Exhibit AB-5 a Slack conversation
18 that you were part of from April 24th, 2015?

19 A. I believe so.

20 Q. And I'd like to refer you to the second
21 page of Exhibit AB-5, the one ending in Bates
22 2578. And I'd like you to read the posts
23 beginning with [REDACTED]@ripple.com, the one that says
24 "I see that point," and then ending with the one
25 six down.

1 MR. HECKER: Do you mean to
2 himself or out loud?

3 MR. HANAUER: Oh, no. To
4 himself. Thank you, Counsel.

5 MR. HECKER: Sure.

6 A. Six down? Sixth line down?

7 Q. Correct. The one ending where it writes
8 "His equals Brad."

9 (Pause)

10 Q. My first question is, who is Ms. [REDACTED]?

11 A. Ms. [REDACTED] is -- is [REDACTED], an early
12 Ripple employee.

13 Q. What was her job?

14 A. An early product manager.

15 Q. She worked for you?

16 A. Yes, she did.

17 Q. And do you see where she writes "No one
18 believes that we are a 'software provider' only"?

19 A. I see that.

20 Q. And then you respond "Yeah. I spoke to
21 Brad about this. His perspective is that [REDACTED]
22 is one year away"?

23 A. I see that.

24 Q. What was this interaction about between
25 you and Ms. [REDACTED]?

1 MR. HECKER: Objection to form.

2 A. I need to read the full thing to get the
3 context.

4 (Pause)

5 A. Do you mind repeating the question?

6 Q. Yeah.

7 So what was Ms. -- what did you
8 understand Ms. [REDACTED] to be talking about when she
9 says "No one believes that we are a 'software
10 provider' only"?

11 A. I don't know for certain, but we were
12 working on improving the product experience for
13 our customers. And there are, like, a number of
14 steps that our customers have to go through to
15 leverage Ripple products. And -- and that
16 experience wasn't a good one. And examples, I'm
17 not sure. You know, e-mails are -- the Slack is
18 out of context here. But e-mails -- sorry.
19 Friction that our customers talked about were
20 being -- having to open up accounts at different
21 entities, exchanges. And while they liked the
22 experience, it was -- it was a lot of friction for
23 them to leverage -- and this is 2015 -- early
24 blockchain technology.

25 And one idea would be could we improve

1 the product experience -- "we" being product -- by
2 not only offering the software, but opening up
3 these accounts for our customers so that they
4 didn't have to? Opening up accounts takes months
5 at some of these entities. And that was something
6 that the customers gave us feedback on. It was,
7 like, wow, there's a lot of steps in -- in -- in
8 leveraging your products.

9 And also in 2015, keep in mind that most
10 customers hadn't heard about blockchain, so there
11 was even more friction in the experience of
12 leveraging our products.

13 And so getting licensing in -- I don't
14 know for certain, but I believe it's money
15 transmission licensing, enabled Ripple to do some
16 of those functions on behalf of our customers.

17 Q. What was [REDACTED]?

18 A. [REDACTED] was a -- I believe -- I don't
19 understand their full business, but I believe part
20 of their business that they are known for is a --
21 is being a hardware and hard drive manufacturer.

22 Q. So was [REDACTED] a potential customer of
23 Ripple in 2015?

24 A. I do remember getting feedback from the
25 [REDACTED] corporate treasury team about potentially

1 leveraging Ripple technology to move money and
2 solve a big customer pain point of theirs, which
3 was paying hardware drive manufacturers in
4 Thailand and other places around the world.

5 Q. In April 2015, in additioning -- in
6 addition to developing software, Ripple also sold
7 XRP?

8 MR. HECKER: Objection to the
9 form of the question.

10 A. I don't know for -- for certain.

11 Q. When you joined -- well, the Exhibit
12 AB-5 references a conversation you had with Brad
13 in response to Ms. [REDACTED]'s comment "No one believes
14 we are a 'software provider' only." Were you
15 referring to Brad Garlinghouse?

16 MS. ZORNBERG: Specifically just
17 for the record, you mean the comment that
18 follows that that says "Yeah, I spoke to
19 Brad about this"?

20 MR. HANAUER: Correct.

21 A. I don't know for certain, but I believe
22 so.

23 Q. What was that conversation about that
24 you had with Mr. Garlinghouse?

25 A. I don't -- I don't recall the -- the

1 full conversation, but we were talking about
2 improving, like, the product experience and all
3 the things we needed to do to improve the product
4 experience.

5 And as I mentioned, there's more to
6 providing just the software to our customers, that
7 our customers, you know, requested to improve the
8 experience of moving money cross borders. For
9 example, opening up exchange accounts, opening up
10 bank accounts, integrating into the software. And
11 from feedback from customers like [REDACTED] and
12 others, they liked the benefits, but keep in mind
13 in 2015, a company's -- you know, putting a
14 company through all this, plus being really early
15 in blockchain, was too much.

16 And the conversation with Brad was it
17 doesn't make sense to improve the product
18 experience by doing -- by removing these friction
19 points for customers, but that may mean that we
20 need to get licensed as a money transmitter.

21 And -- and the debate was do you just,
22 you know -- software company, technology company,
23 plus being a -- a money transmitter. That was the
24 conversation.

25 Q. In April 2015, how did Ripple primarily

1 generate revenues?

2 A. I don't know about revenues, but -- and
3 I don't know the timelines, but we had raised
4 money from several venture capitalists around the
5 world.

6 Q. When did Ripple raise money from venture
7 capitalists and how much did it raise?

8 A. I don't remember the timings, but we
9 raised a seed -- seed round, actually an angel
10 seed, a follow-on seed round, an A round, and
11 somewhere in this time frame of 2015 a B round.

12 Q. Okay. And how much money in total had
13 Ripple raised as of April 2015?

14 A. I don't know for certain.

15 Q. Was the amount of money Ripple had
16 raised from venture capitalists by April 2015
17 sufficient for Ripple to finance its operations
18 and product development expenses?

19 A. My role at the company at that time was
20 primarily in product development and I didn't have
21 broad-based exposure to the financial reporting of
22 the company.

23 Q. You said you were a senior executive,
24 right?

25 A. That is correct.

1 Q. You reported directly to the CEO?

2 A. That's correct.

3 Q. Did you know whether Ripple had raised
4 enough from venture capitalists to support its
5 operations?

6 MR. HECKER: Objection; asked and
7 answered.

8 A. I -- I didn't -- in my function, that
9 wasn't a primary responsibility.

10 Q. Were you aware in April 2015 that Ripple
11 was also generating -- or that Ripple was
12 generating revenues by selling XRP?

13 A. I don't know for -- for certain, but I
14 do know that Ripple was selling XRP.

15 Q. When did you first learn that?

16 A. I do not recall.

17 Q. Were you aware that Ripple was selling
18 XRP by 2015?

19 A. I do not recall.

20 MR. TENREIRO: Twenty-two is
21 next.

22 THE WITNESS: Are you done with
23 this?

24 MR. HANAUER: Yes.

25 MR. TENREIRO: Thank you.

1 (Whereupon, exhibit is presented
2 and marked SEC Birla Exhibit AB-22 for
3 identification.)

4 MR. HANAUER: And I just tendered
5 the witness Exhibit 22, which bears a
6 Bates label ending in 3585.

7 BY MR. HANAUER:

8 Q. Is Exhibit 22 an e-mail you sent on May
9 12th, 2017?

10 A. Yes, I believe so.

11 Q. And the e-mail you sent in Exhibit AB-22
12 is describing a Ripple board meeting from May
13 11th, 2017?

14 A. I believe so, yes.

15 Q. And you attended that board meeting?

16 A. I don't remember if I attended the board
17 meeting or if I was given notes or if I attended a
18 summary of the board meeting. I don't know for
19 certain.

20 Q. Okay. Near the bottom you write "Also
21 XRP provides us to do unique things from a
22 financing perspective, so there was continued talk
23 about that"?

24 A. I -- I see that.

25 Q. In May 2017, did you understand that

1 Ripple sold XRP to finance its operations?

2 MR. HECKER: Objection to form;
3 foundation.

4 A. I don't know.

5 Q. In May 2017, were you aware that XRP
6 financed Ripple's operations?

7 MR. HECKER: Objection to form.

8 A. Can you rephrase the question, please?

9 Q. Were you aware in May 2017 that Ripple
10 was financing its operations by selling XRP?

11 MR. HECKER: Same objection.

12 A. I -- I don't recall. I recall that
13 Ripple at some point was selling XRP. I don't
14 recall to what extent and to what amount and what
15 percentage of coverage that provided Ripple.

16 Q. Did you ever become aware of how much of
17 Ripple's revenues were coming from its XRP sales?

18 MR. HECKER: At what time period?

19 MR. HANAUER: I asked did he ever
20 become aware.

21 MR. HECKER: Yeah, but a
22 percentage at what time? At what time are
23 we talking about? Are we talking about in
24 May of '17?

25 BY MR. HANAUER:

1 Q. Do you understand the question I asked
2 you?

3 A. I don't understand the -- the time frame
4 for which you're referring to. If you could help
5 specify.

6 Q. Was -- was there ever a point in time
7 where you had an understanding of how much of
8 Ripple's revenues came from XRP sales as opposed
9 to other sources of revenue?

10 A. In general terms -- I don't know for
11 certain, but in general terms, I know -- I've
12 known from time to time.

13 Q. Did you ever become aware that the
14 majority of Ripple's revenues came from selling
15 XRP?

16 MR. HECKER: Same objection.

17 You can answer.

18 A. I don't know for certain, but I believe
19 so.

20 Q. And when did you first learn that the
21 majority of Ripple's XRP sales -- or the majority
22 of Ripple's revenues came from XRP sales?

23 MR. HECKER: Same -- same
24 objection.

25 You can answer.

1 A. I really don't know for certain. Yeah,
2 I don't know for certain.

3 Q. Did you know that in May 2017?

4 A. I don't know for certain.

5 Q. Were you ever at a board meeting, a
6 Ripple board meeting, where it was discussed that
7 Ripple financed its operations through the sale of
8 XRP?

9 A. I don't -- I attend various portions of
10 the board meeting, mostly the product side, and so
11 I don't recall a specific portion that I was
12 present at where we went into elaborate details on
13 how the company was financed to my knowledge.

14 Q. Do you have any general recollection of
15 it being discussed at Ripple's board meetings that
16 Ripple financed its operations through the sale of
17 XRP?

18 MS. ZORNBERG: Objection. You
19 mean for the portions that he attended,
20 since he said he attended just portions?

21 MR. HANAUER: I think the --
22 yeah, I think the question implies the
23 portions he attended. Yes.

24 MS. ZORNBERG: Okay.

25 A. For the portion I was attended -- for

1 the portion I attended, financing wasn't a --
2 wasn't a big topic. My portions for most of my
3 tenure at Ripple -- and, again, you know,
4 sometimes I attend, sometimes I don't. Sometimes
5 I send a delegate when I'm not in town. I cover
6 mostly product in Ripple development, RippleNet
7 development, and not financing.

8 Q. No, I -- I understand that and you've
9 said you don't recall specific conversations, you
10 don't recall an epic conversation.

11 Do you have any recollection of it being
12 discussed at a Ripple board meeting during the
13 part you attended that Ripple was financing its
14 operations through the sale of XRP?

15 A. I don't have a strong recollection of
16 that topic coming up.

17 Q. Do you have any recollection?

18 MR. HECKER: Objection; asked and
19 answered.

20 A. I have a vague recollection of that --
21 that -- if there was a time where there wasn't a
22 break, a natural break, and I may have stayed past
23 my portion, that in the financial numbers, there
24 was discussion of XRP sales by Ripple.

25 Q. And that's what you were describing in

1 Exhibit 22, when -- when you wrote "XRP provides
2 us to do unique things from a financing
3 perspective, so there was some continued talk
4 about that"?

5 MR. HECKER: Objection to form;
6 foundation.

7 A. I -- I don't know if that's -- you know,
8 it's vaguely written in terms of financing
9 perspective and unique things. So I don't know if
10 that was referring to selling XRP or something
11 else.

12 MR. TENREIRO: Twenty-nine.

13 (Whereupon, exhibit is presented
14 and marked SEC Birla Exhibit AB-29 for
15 identification.)

16 MR. HANAUER: And I just handed
17 the witness Exhibit AB-29, which is an
18 e-mail -- or Exhibit AB-29, the first page
19 of which has a Bates number ending in
20 1294.

21 THE WITNESS: Correct.

22 BY MR. HANAUER:

23 Q. And the top e-mail in Exhibit AB-29 is
24 an e-mail that you sent to [REDACTED] on
25 Tuesday -- or on June 26, 2018?

1 A. That's correct.

2 Q. And you write -- first of all, who is

3 [REDACTED]?

4 A. [REDACTED] was a corporate
5 development associate at Ripple.

6 Q. Did he work for you at the time?

7 A. I don't believe so.

8 Q. In the second sentence on exhibit -- on
9 the top of Exhibit 29, you write that "Ripple's
10 main business model/source of income is XRP
11 sales."

12 Do you see that?

13 A. I see that.

14 Q. And that's something you wrote to
15 Mr. [REDACTED]?

16 A. Yes.

17 Q. And in June 2018, you understood that
18 XRP sales was Ripple's main source of income?

19 A. On June 26th, it looks like from this
20 e-mail, yes, I believe so.

21 Q. And on June -- has that -- has that
22 changed since June 26th, 2018, that Ripple's main
23 source of income is XRP sales?

24 A. I don't know for certain, but I don't
25 believe so.

1 Q. And for how long prior to June 26, 2018,
2 was Ripple's main source of income XRP sales?

3 A. I don't know for certain.

4 Q. And on June 26, 2018, you understood
5 Ripple's main business model to be the sale of
6 XRP?

7 MS. ZORNBERG: Object to form.

8 A. A business model is a bit different than
9 source of income, but from this it -- it sounds
10 like I believed that the source of income was XRP.

11 Q. Right. But you also understood in
12 June -- on June 26, 2018, that Ripple's main
13 business model was XRP sales?

14 A. From the product side, a -- you know,
15 the -- the business model is a bit different,
16 but -- and that's why I have slash in there, I
17 believe. So it's sort of like, you know,
18 indifferent between the two. But at that current
19 state, I believed that at least the source of
20 income was XRP sales.

21 Q. After June 26, 2018, did Ripple's main
22 business model ever change to anything other than
23 XRP sales?

24 MS. ZORNBERG: Objection;
25 misstates the witness's prior testimony.

1 A. You know, from the product side, there
2 are different ideas and we are showing, you know,
3 progress towards efforts to have, you know,
4 different sources of -- of a business model from
5 our -- from our products. One of those being, you
6 know, lending; the other one of those being the
7 spread you can take on -- on the FX, which is
8 known as foreign currency exchange, between fiat
9 currencies.

10 So, you know, different business models
11 have emerged.

12 Q. Is Ripple's main business model still
13 the sale of XRP?

14 MS. ZORNBERG: Object to form.

15 A. I believe that Ripple's main source of
16 income is -- is XRP.

17 Q. Currently?

18 A. Currently. Yes, I believe that to be
19 true.

20 Q. And because Ripple's main source of
21 income is the sale of XRP, over your time at
22 Ripple, did Ripple management pay attention to the
23 price of XRP?

24 A. To my recollection, the -- the senior
25 management did not fixate on the price of XRP.

1 And in my role, what was more important for the --
2 the product experience was the -- was some
3 measurement around the depth of liquidity of XRP
4 against fiat currencies that were offered on
5 Ripple products.

6 Q. And you used the word "fixate."

7 I was asking did Ripple management pay
8 attention to the price of XRP?

9 A. I don't know for certain. It -- it
10 certainly wasn't a big focus area.

11 Q. Did Ripple management want the price of
12 XRP to be higher?

13 A. I do not recall, you know, focus or
14 discussions about the -- the price of XRP.

15 Q. Did Ripple management ever want the
16 price of XRP to be lower?

17 A. I don't recall, you know, a focus area
18 by management of -- regarding the price of XRP.

19 Q. Did anyone at XRP ever express to you
20 that they wanted the price of XRP to be lower?

21 A. Do you mind rephrasing the question?

22 MR. HANAUER: Can you repeat the
23 question?

24 (Whereupon, the record was read
25 back.)

1 Q. Oh, I'm sorry about that and I will
2 rephrase the -- the question. Thank you.

3 Did anyone at Ripple ever express to you
4 that they wanted the price of XRP to be lower?

5 A. I don't believe so.

6 Q. Did anyone at Ripple ever express to you
7 that they wanted the price of XRP to be higher?

8 A. I don't know for certain.

9 Q. Since the time you started at Ripple,
10 has Ripple owned in excess of 50 billion XRP?

11 A. Yes, I believe so.

12 Q. Have you heard of the term "drip
13 program"?

14 A. I can't be for certain.

15 Q. I'll try giving you a little context.

16 Have you ever heard the term "drip
17 program" referring to Ripple's process where it
18 managed the pace and flow in which it sold XRP
19 into the market?

20 A. That does not -- I do not recall that
21 program.

22 Q. Since the time you started at Ripple,
23 has Ripple used XRP to compensate employees?

24 A. I believe so, yes.

25 Q. And since the time you started at

1 Ripple, has Ripple used XRP to pay for certain
2 goods and services?

3 A. Do you mind rephrasing the question?

4 Q. Yeah. So has Ripple used XRP to buy
5 goods or buy services that it needs to run its
6 business?

7 A. I -- I don't recall.

8 Q. But Ripple's used XRP to compensate
9 employees for their own business expenses, right?

10 MR. HECKER: Objection to form;
11 asked and answered.

12 MR. HANAUER: Actually, I'll
13 rephrase that.

14 Q. Ripple has used XRP to reimburse
15 employees for business expenses that they incurred
16 on behalf of Ripple?

17 A. Yes, I believe so.

18 Q. And when Ripple uses XRP to either
19 compensate employees or reimburse employees,
20 Ripple benefits when the price of XRP is higher?

21 MS. ZORNBERG: Object to form.

22 You can answer.

23 A. Do you mind rephrasing the question?

24 Q. All right. So let's say Ripple -- a
25 Ripple employee can elect to have their salary

1 paid in either U.S. dollars or XRP. Do you
2 understand that?

3 A. Yes, I do.

4 Q. And, in fact, some Ripple employees have
5 been given the option to be paid in either dollars
6 or XRP, right?

7 A. I believe that to be true.

8 Q. And when the employee chooses to be
9 compensated in XRP as opposed to U.S. dollars,
10 Ripple benefits when the price of XRP is higher?

11 A. I don't -- I don't know one way or the
12 other.

13 Q. Did you go to business school?

14 A. Yes, I did.

15 Q. Do you have an MBA?

16 A. Yes, I do.

17 Q. So do you understand the concept that if
18 Ripple is paying for something using XRP, it has
19 to spend less XRP when the price of XRP is higher?

20 A. Yes, I understand that.

21 Q. So when an employee chooses to be
22 compensated in XRP as opposed to U.S. dollars,
23 it's beneficial for Ripple when the price of XRP
24 is higher?

25 MS. ZORNBERG: Object to form.

1 You can answer if you
2 understand.

3 A. Yeah. One can make the case that it's
4 beneficial to Ripple if the -- if the price is
5 higher.

6 Q. And if the prices of XRP is higher, a
7 single unit of XRP can buy more goods or services
8 than if the price of XRP is lower?

9 A. Yes, I believe that to be -- yes, I
10 believe that's true.

11 Q. So beyond compensating employees or
12 paying for goods and services, what other ways do
13 a higher price of XRP benefit Ripple?

14 A. Can you rephrase that question, please?

15 Q. So beyond being able to pay more for
16 goods and services, how else does Ripple benefit
17 when XRP's price is higher?

18 A. I -- I don't -- I don't know for
19 certain.

20 Q. Are Ripple shareholders better off when
21 XRP's price is higher?

22 A. I don't know for certain.

23 Q. You're a Ripple shareholder, right?

24 A. Yes, that is correct.

25 Q. And what -- what does Ripple currently

1 trade for in terms -- compared to U.S. dollars?

2 A. Can you rephrase the question, please?

3 Q. How much is -- how much can they get for
4 one XRP right now in U.S. dollars?

5 MS. ZORNBERG: Are you talking
6 about XRP now, not Ripple?

7 MR. HANAUER: Oh, yeah, I'm --
8 yes. I -- I apologize.

9 Q. What's XRP priced at right now
10 approximately?

11 A. I don't -- I don't check the -- the
12 price of XRP often, but I believe that it's
13 somewhere between 50 cents and 70 cents.

14 Q. So as a Ripple shareholder, are you
15 better off if the price of XRP is 1 cent or \$2?

16 A. I don't follow the -- and track the --
17 the price of Ripple equity often to understand if
18 there's a correlation between the price of Ripple
19 equity and the price of XRP.

20 Like I mentioned, the price of Ripple
21 stock, from what I've heard from others, has
22 fluctuated from [REDACTED] to [REDACTED].

23 Q. Is XRP Ripple's primary asset?

24 A. I don't know the classification of how
25 different items on the balance sheet are

1 classified as to understand if it's an asset or
2 not.

3 Q. So you said rip -- Ripple owns over 50
4 billion XRP?

5 A. I believe that to be true.

6 Q. And if XRP is worth \$10, how much are
7 Ripple's XRP holdings worth approximately?

8 A. If -- if Ripple's -- if the price -- is
9 the question if the price of XRP -- actually, do
10 you mind just repeating the question?

11 Q. Yeah. If the price of XRP is \$10 and
12 Ripple owns approximately 50 billion shares of
13 XRP, how much is that XRP worth?

14 MR. HECKER: Objection to
15 "shares."

16 Q. Fifty billion units of XRP.

17 A. Five hundred billion dollars.

18 Q. And if XRP is worth a penny, how much
19 are Ripple's XRP holdings worth approximately?

20 MR. HECKER: Could we just
21 stipulate to the math exercise? I mean,
22 this seems like a remarkable waste of
23 time, honestly.

24 THE WITNESS: Well said.

25 A. A lot less than it was.

1 Q. Okay. So as an XRP shareholder, would
2 you rather XRP be holding 500 billion dollars'
3 worth of an asset -- I'm sorry. As a Ripple
4 shareholder, would you rather that Ripple be
5 holding \$500 billion' worth of an asset or an
6 asset worth considerably less than that?

7 MR. HECKER: Objection to form.

8 You can answer.

9 A. I don't know if there's a strong
10 correlation between the shareholding price of
11 Ripple equity and the XRP price. For example, the
12 XR -- from what I've heard, the Ripple price has
13 fluctuated over the last -- the Ripple equity
14 price has fluctuated over the last year from [REDACTED]
15 to [REDACTED]

16 Q. Does Ripple trade on any sort of
17 markets?

18 A. Do you mind re -- rephrasing the
19 question?

20 Q. Where does your understanding of
21 Ripple's stock price fluctuations come from?

22 A. It's tough to know because Ripple equity
23 is -- is not publicly traded and is thinly traded
24 to my knowledge. And it is traded on small,
25 illiquid secondary exchanges or over the counter

1 to my knowledge and, therefore, it's difficult to
2 get a read on what the price is.

3 So my knowledge on the price of Ripple
4 shares is largely word of mouth.

5 Q. And if the price of XRP was zero, would
6 Ripple have been able to finance its operations
7 and product development?

8 MS. ZORNBERG: Object to form.

9 And you want to fix a time?

10 Q. Let's -- when you started at Ripple, if
11 the price of XRP had been zero, would Ripple have
12 been able to finance its operations and product
13 development?

14 A. I believe so, yes.

15 Q. Did that ever change?

16 A. I believe so, yes.

17 Q. Okay. So at what point in time would
18 Ripple have become unable to finance its
19 operations and product development if the price of
20 XRP was zero?

21 A. I don't know for certain.

22 Q. Is that the case now?

23 A. Can you rephrase the question, please?

24 Q. If XRP is priced at zero dollars and
25 remains at zero going forward, can Ripple continue

1 to finance its operations and product development
2 without seeking additional capital?

3 A. We would need to -- to my knowledge, we
4 would need to seek additional capital.

5 Q. Who is Jed McCaleb?

6 A. To my knowledge, Jed McCaleb is -- is
7 one of the co-founders of OpenCoin, I believe,
8 or -- or -- I'm actually not sure what entity he
9 joined, but he was early in the company's tenure.

10 Q. He was a -- a co-founder of a company
11 that eventually became Ripple?

12 A. I believe that is true, yes.

13 Q. Did your time at Ripple ever overlap
14 with the time that Mr. McCaleb was working at
15 Ripple?

16 A. I don't believe so.

17 Q. Was there a time that Mr. McCaleb was
18 selling large quantities of his XRP holdings?

19 A. I did not track his -- his sales of --
20 of XRP.

21 Q. Did anyone at Ripple ever voice concern
22 about the impact of Mr. McCaleb's XRP sales on the
23 price of XRP?

24 A. I don't know for certain.

25 Q. Describe any efforts that Ripple made in

1 response to Mr. McCaleb's sale of his XRP
2 holdings.

3 MS. ZORNBERG: Objection; lack of
4 foundation.

5 A. I don't know for certain.

6 Q. Did Ripple ever attempt to freeze
7 Mr. McCaleb's XRP sales?

8 A. I don't know for certain.

9 Q. Did Ripple ever attempt to reverse
10 Mr. McCaleb's XRP sales?

11 A. I don't know for certain.

12 Q. Do you know what Bitstamp is?

13 A. I believe so, yes.

14 Q. And what's Bitstamp?

15 A. Bitstamp is a cryptocurrency exchange.

16 Q. Did Ripple ever attempt to freeze
17 Mr. McCaleb's Bitstamp account?

18 A. I -- I do not recall.

19 MR. TENREIRO: Eleven.

20 (Whereupon, exhibit is presented
21 and marked SEC Birla Exhibit AB-11 for
22 identification.)

23 MR. HANAUER: I'm tendering the
24 witness an exhibit marked as AB-11, which
25 has a Bates number ending in 0742.